

EX PARTE OR LATE FILED  
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July 13, 2000

Magalie Roman Salas, Secretary  
Federal Communications Commission  
445 12<sup>th</sup> Street, SW  
Washington, DC 20554

RECEIVED

JUL 13 2000

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

Re: **Notice of Permitted Ex Parte Contact**  
**WT Docket No. 97-82**

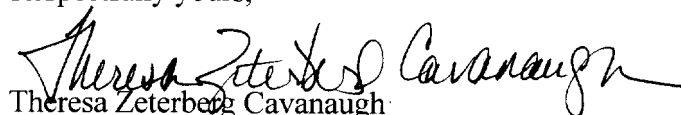
Dear Ms. Salas:

The purpose of this letter is to advise the Commission of a permitted *ex parte* contact in the above-referenced proceeding. On July 11, 2000, John Dolan (President and CEO), Steve Curtin (Vice President of Business Development) and Mark Kelso (Chief Technology Officer) of Northcoast Communications, LLC ("Northcoast"), Brett Tarnutzer of Wallman Strategic Consulting and the undersigned met jointly with Adam Krinsky of Commissioner Gloria Tristani's office to discuss the issues raised, and comments and reply comments filed, in the Further Notice of Proposed Rule Making in the referenced proceeding. Northcoast is a designated entity that holds 49 D, E and F block broadband PCS licenses and opposes the proposals to eliminate the designated entity rules for the C and F block reauction.

At the meeting, the attendees discussed Northcoast's opposition to the various proposals to modify the FCC's designated entity rules for the upcoming reauction, and the various compromise positions that have been proposed. The discussion focused on the ability of designated entities in general, and Northcoast in particular, to raise sufficient capital to build out major markets, the current cost of building out broadband PCS systems in major markets, the number of designated entities that presently are interested in acquiring spectrum in major markets and their alternative business plans, and issues relating to the efficient use of spectrum. The participants also discussed the cost projections that were filed as part of the Comments of Nextel Communications Inc. in this proceeding. The attached presentation outline was also left with Mr. Krinsky.

Please contact the undersigned if you have any questions about this matter.

Respectfully yours,

  
Theresa Zeterberg Cavanaugh

cc: Adam Krinsky

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# Northcoast Communications

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Ex-parte Presentation

97-82

July 11, 2000



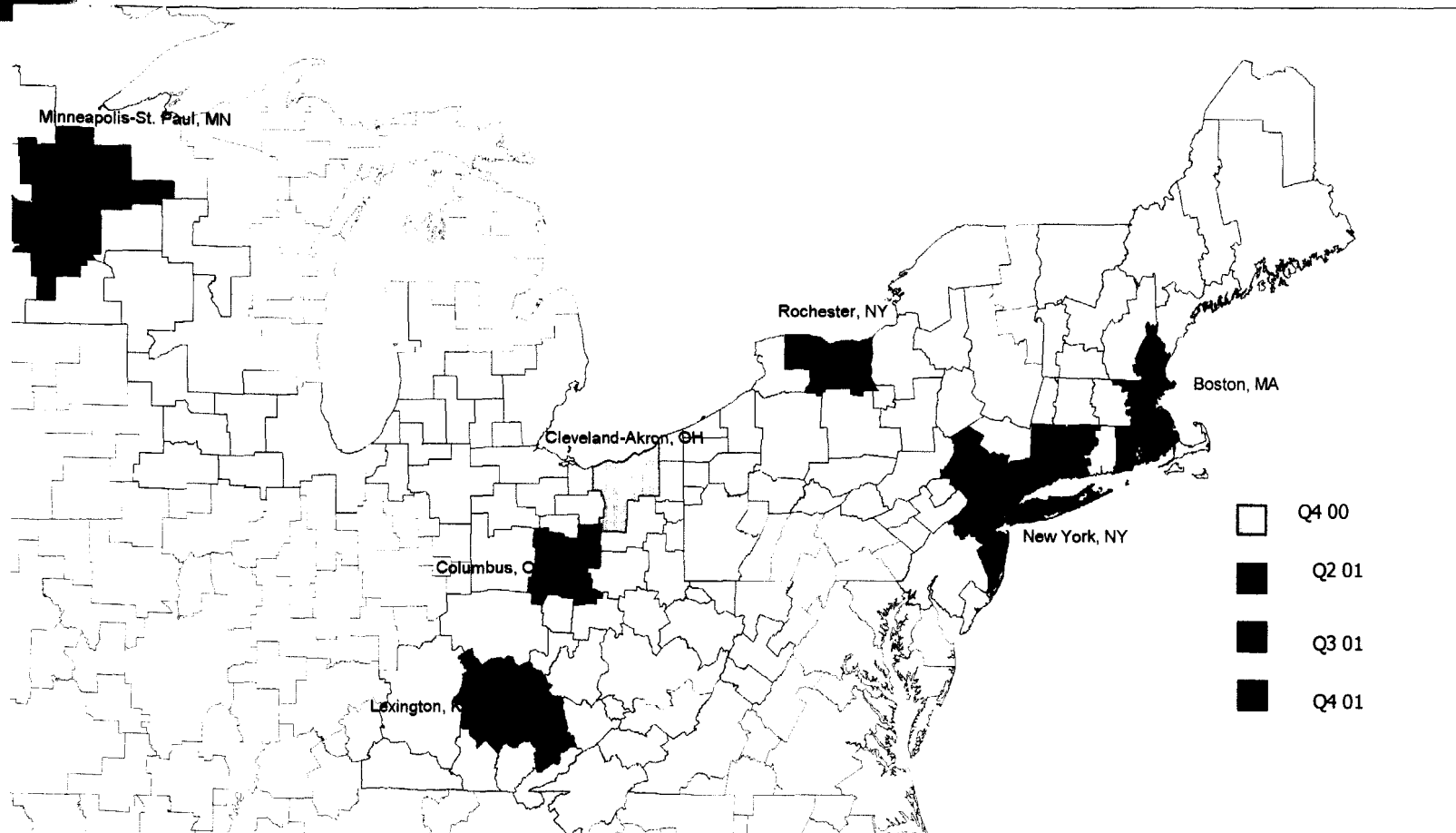
# Overview

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- Competition Is Coming
  - Reality Check – Northcoast is building!
  - Buildout Schedules & Maps
- Stone Throwers Shouldn't Live In Glass Houses
  - 5 large carriers warehouse PCS licenses
- The Real Agenda
  - Or how to kill competition before it gets started
- Cellular Cries Wolf
  - 60% of cellular spectrum is used for analog service in large markets
- A Tale of Two Buildouts
  - Is Nextel kidding?
- They Can't Handle The Truth
  - DEs are building out

# Competition is Coming

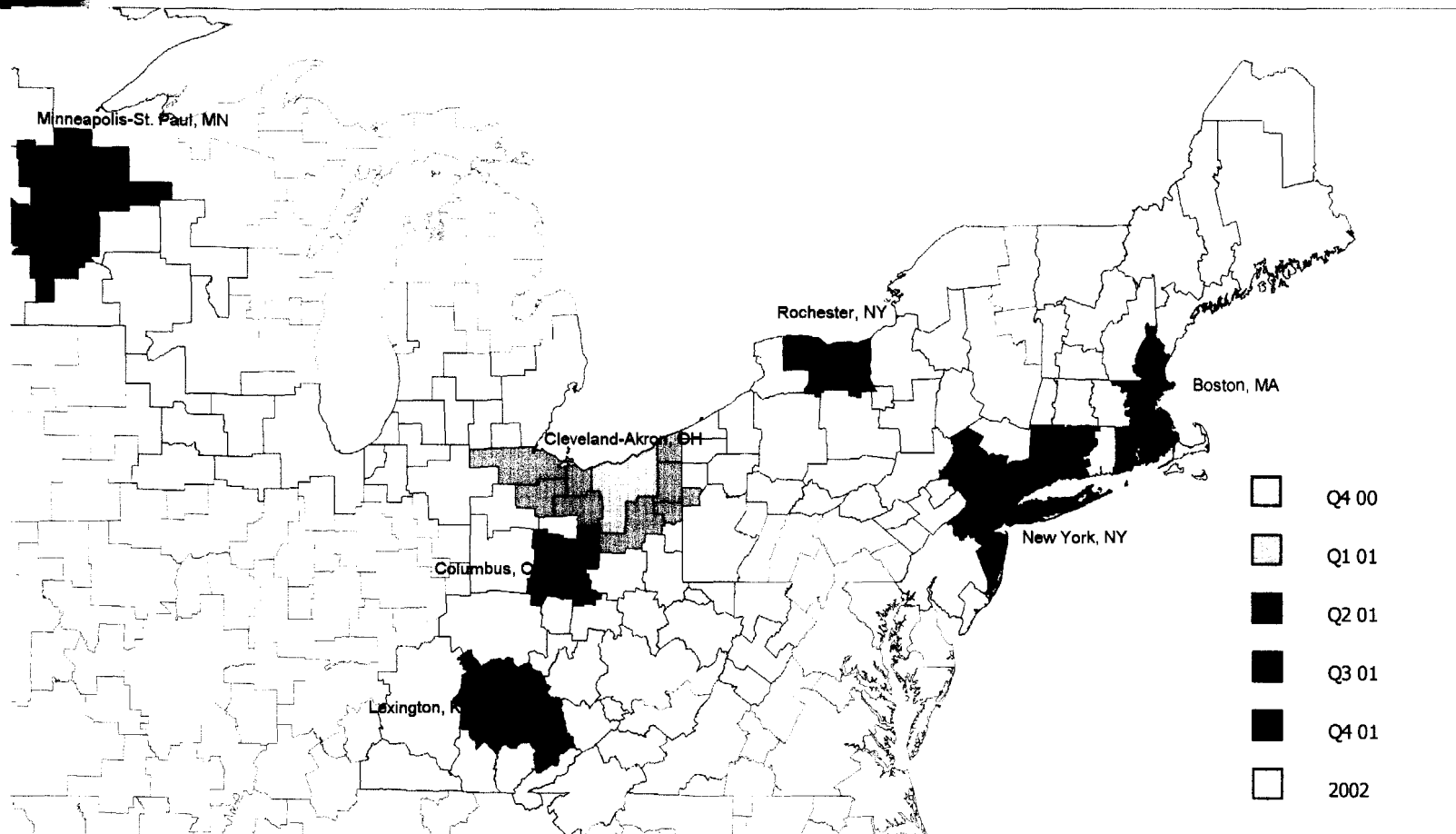
## Northcoast Top 50 Market Buildout Schedule



Northcoast Communications L.L.C.

# Competition Is Coming

## Northcoast Full Build Out Schedule



Northcoast Communications L.L.C.



# Northcoast Buildout Schedule

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- Cleveland – Q4 00
- Northern Ohio – Q1 01
- Boston, Minneapolis – Q2 01
- Columbus, Providence, New Haven - Q3 01
- New York, Hartford, Rochester Lexington – Q4 01
- Southern Ohio, New England, Midwest, Upstate New York Clusters - 2002



# Stone Throwers Shouldn't Live In Glass Houses

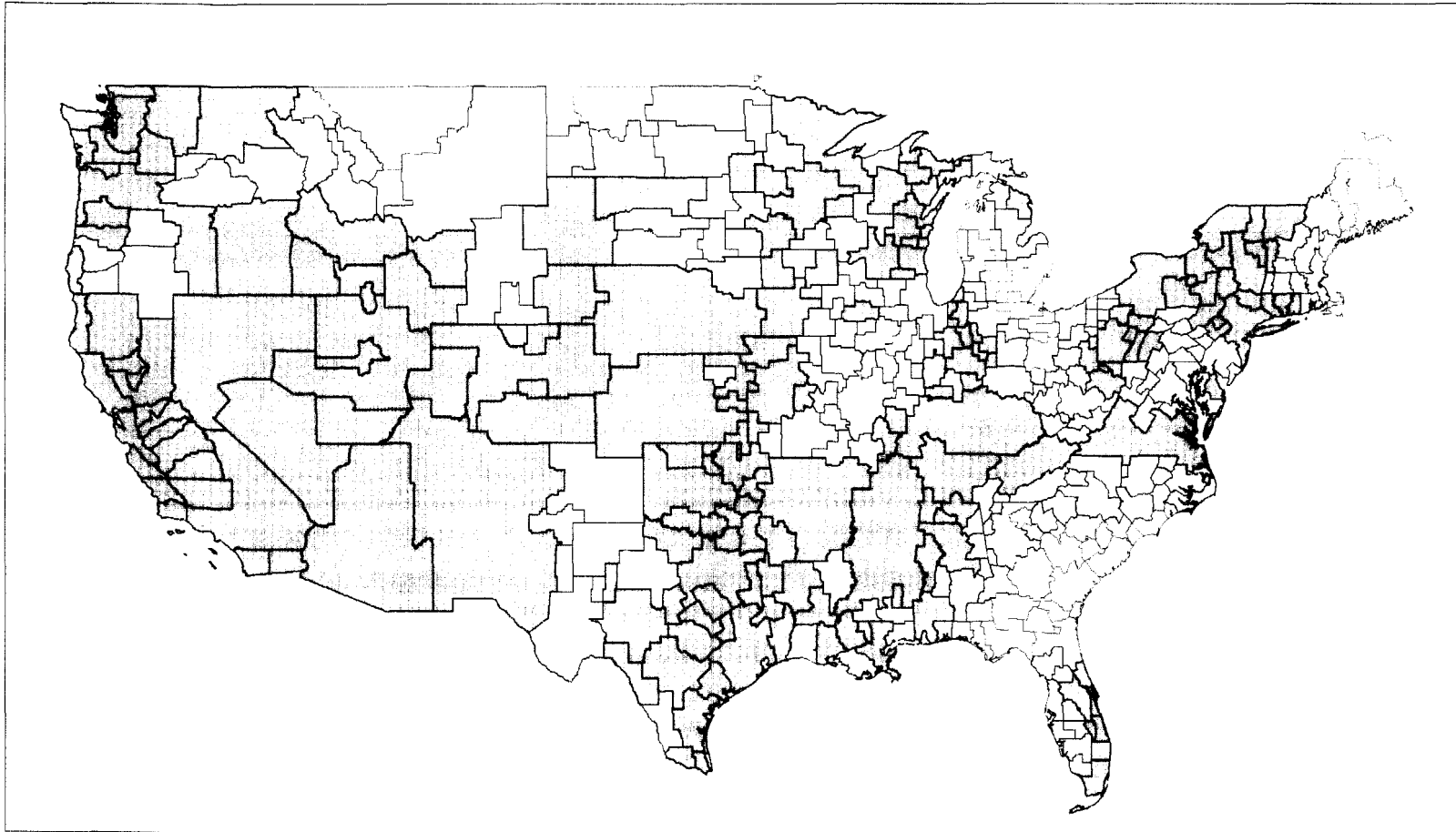
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- Large wireless providers are warehousing PCS spectrum
  - AT&T
    - Holds 221 un-built D and E Block licenses
    - Holds 11 un-built A and B Block licenses
  - US West
    - Holds 22 un-built D and E Block licenses
  - Voicestream
    - Holds 47 un-built C and F Block licenses
  - ALLTEL
    - Holds 66 un-built D and E Block licenses
  - SBC/Bellsouth
    - Holds 30 un-built A, B, D and E Block licenses

# AT&T

221 Un-built D & E Block Licenses

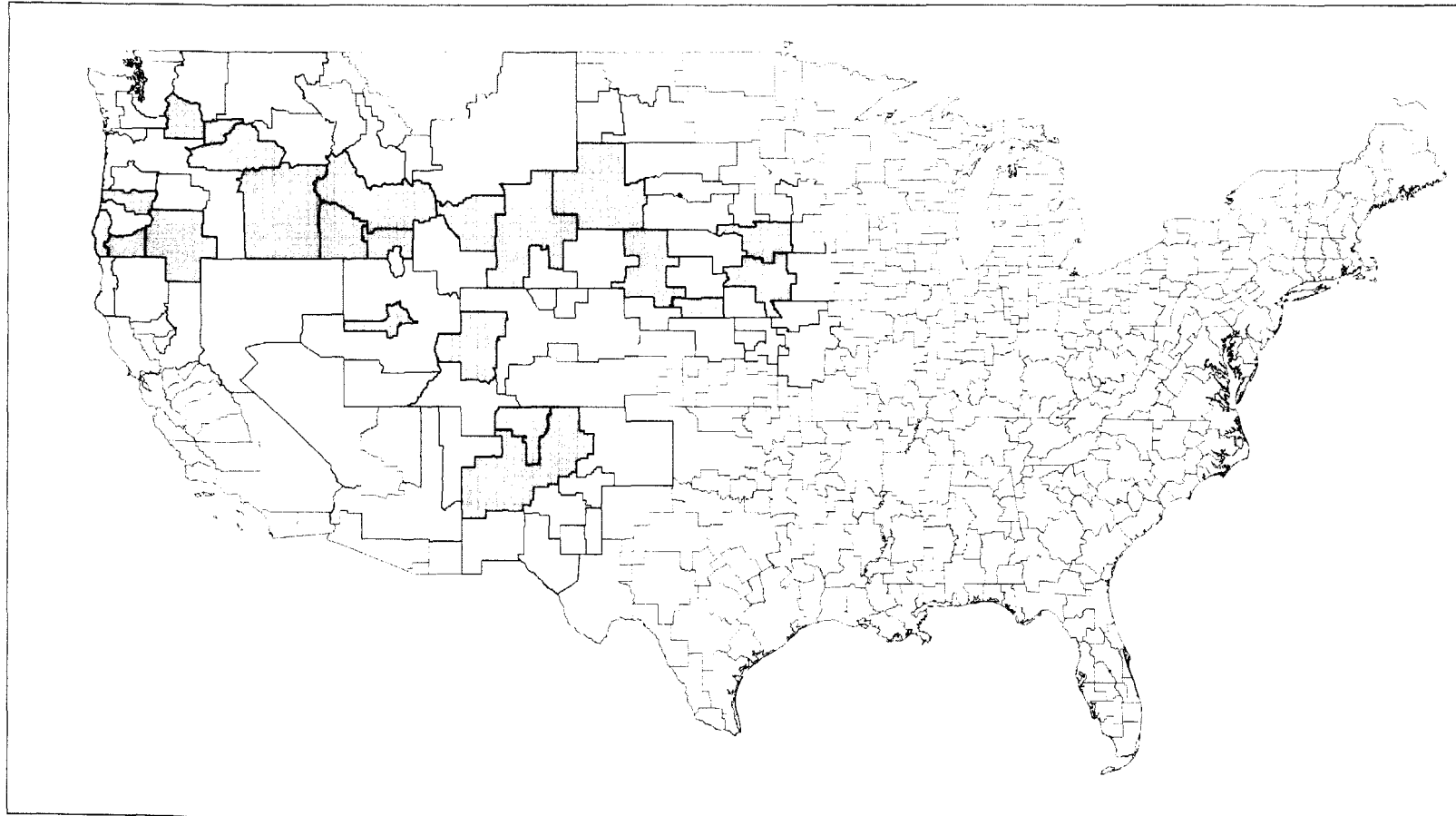
11 Un-built A & B Block Licenses





**US West**

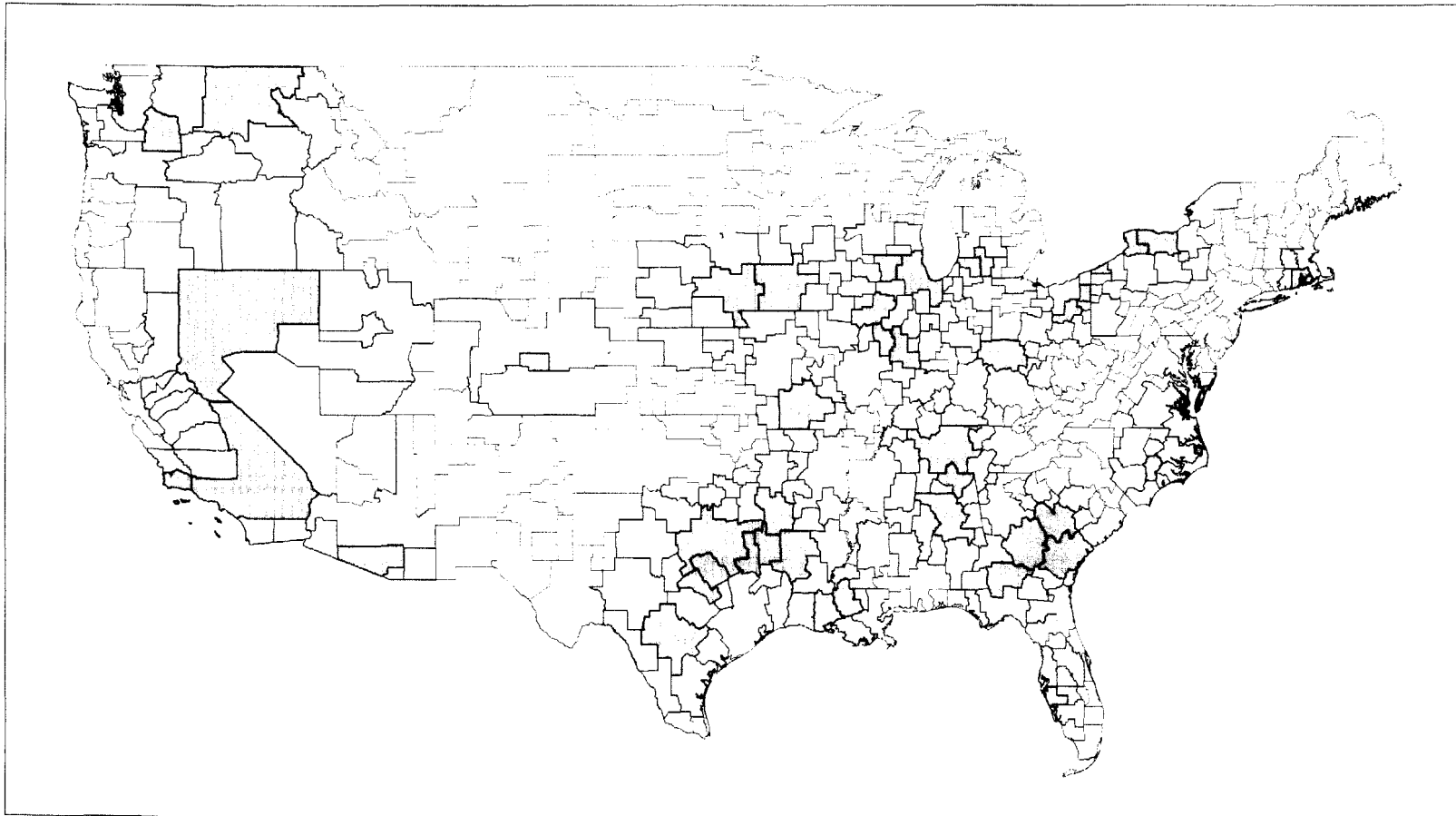
**22 Un-built D & E Block Licenses**



Source: DLJ Global Wireless Report 6/2000

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# Voicestream 47 Un-built C & F Block Licenses

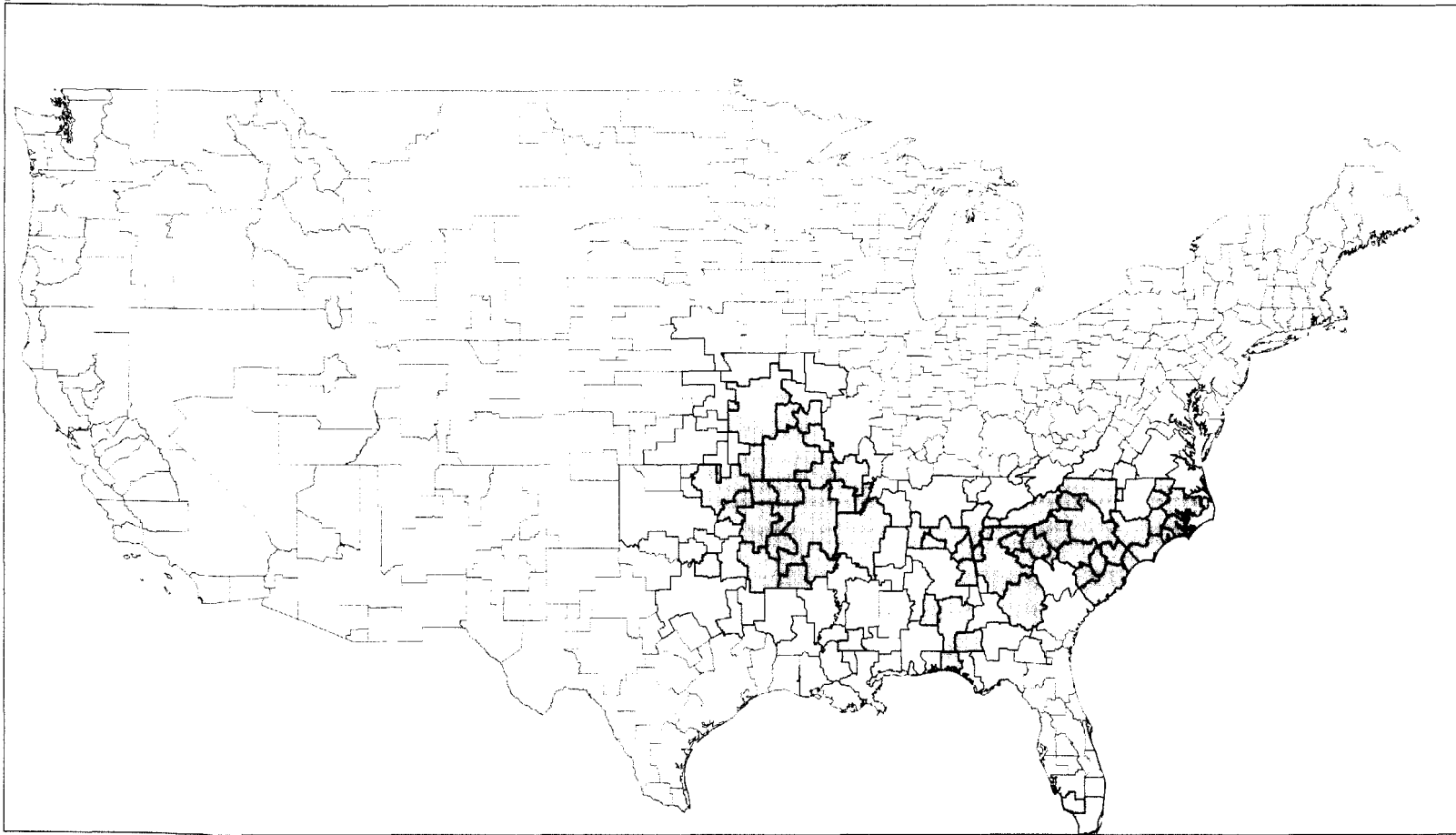


Source: DLJ Global Wireless Report 6/2000

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**ALLTEL**

## **66 Un-built D & E Block Licenses**

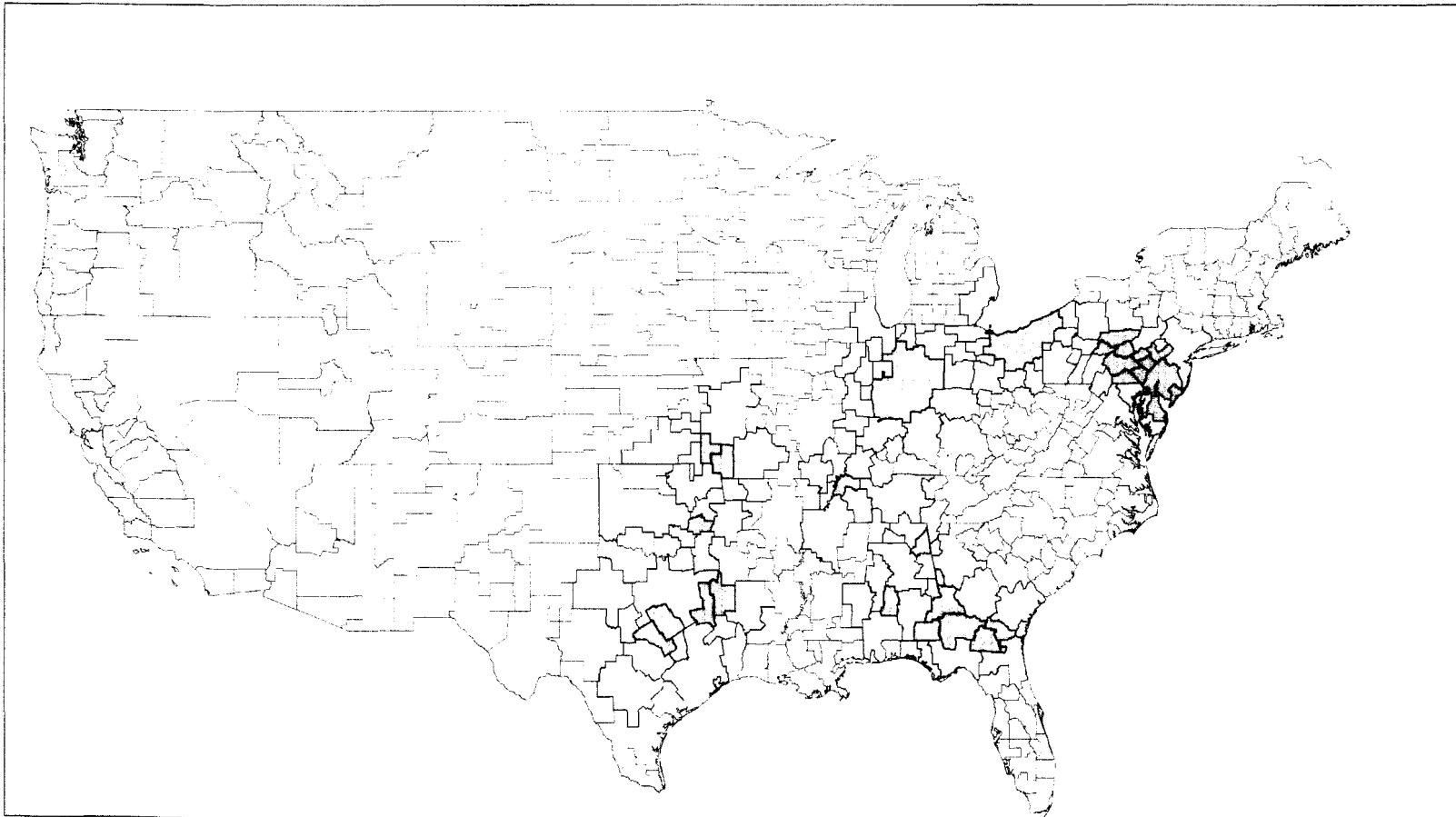


Source: DLJ Global Wireless Report 6/2000

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**SBC/Bellsouth**

**30 Un-built A, B, D & E Block Licenses**



Source: DLJ Global Wireless Report 6/2000

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# A Tale of Two Buildouts

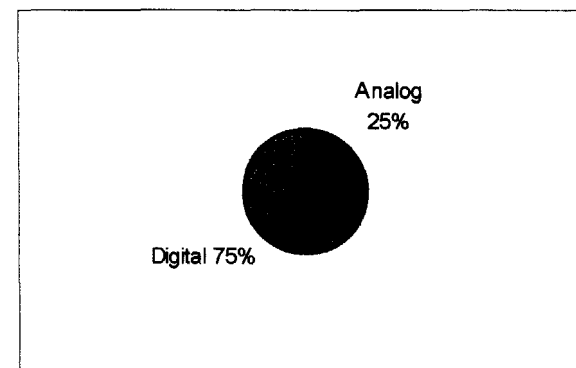
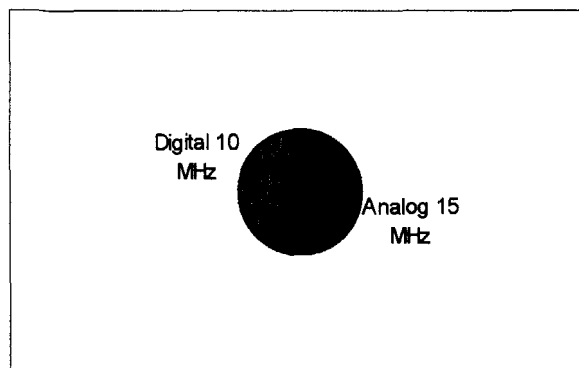
- **Nextel – Norfolk**
  - 1.1 Million POPs
  - 600 cell sites
  - \$550 Million funding requirement
  - Cash flow positive in 2007
  - Implies \$343 funding requirement per POP
  -
- **Northcoast – Cleveland**
  - 3 Million POPs
  - 112 cell sites covering 90% of market POPs
  - \$100 Million funding requirement
  - Cash flow positive in 2002

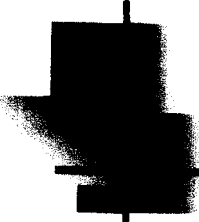
***This is the same rationale AT&T used 25 years ago to suggest why MCI could not construct long haul microwave networks!***

# Cellular Cries Wolf

## New York Market Example

- **60% of carrier's licensed spectrum is dedicated to analog service!**
- 3 CDMA RF carriers require 10 MHz (7.5 MHz + guard bands)
- **75% of busy hour minutes are on the digital side of the network!**

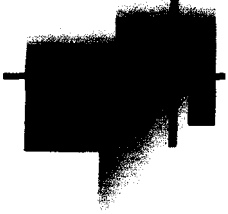




## They (Big Wireless Companies) Can't Handle The Truth

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- DEs are building out...faster than some large providers
- DEs have financing
- The costs to deploy networks have decreased dramatically
  - 1<sup>st</sup>/2<sup>nd</sup>/3<sup>rd</sup> generation cell sites
- Consumers want the innovative services DEs are bringing to market
- *Consumers want competition*



# First Generation Cell Site - \$1Mil.



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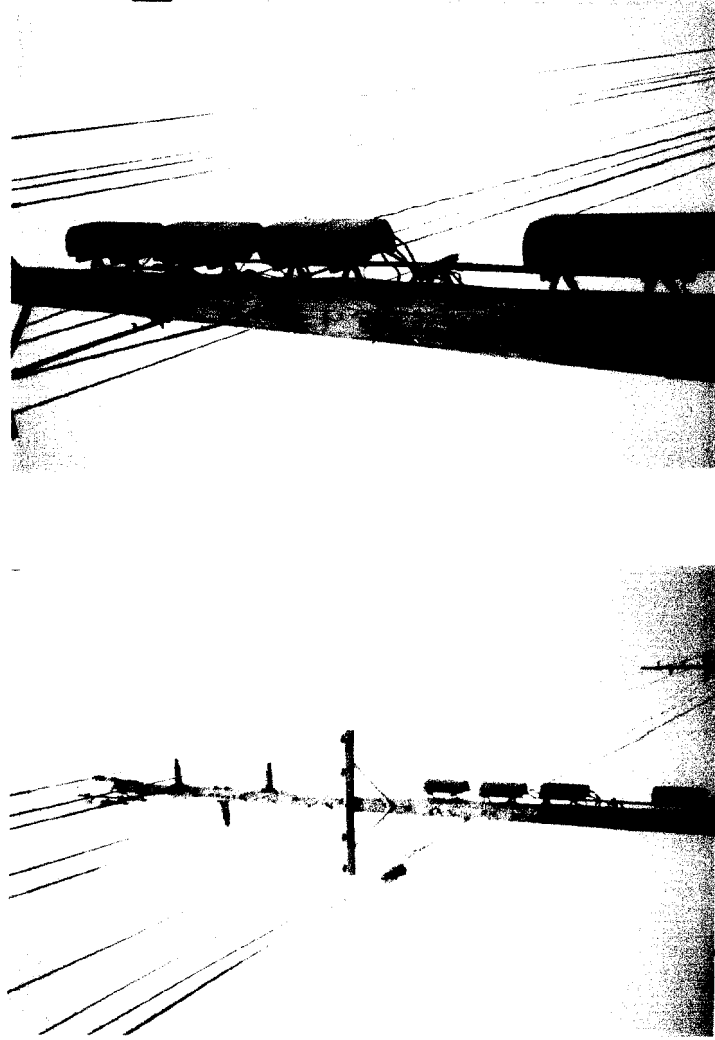


# Second Generation Cell Site - \$400K



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# Third Generation Cell Site - \$120K



Indoor Version

